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Comments to the Sept. 12, 2007 Legislative Property Tax Study Committee

Thank you, Chairperson Wise and Committee members, for the opportunity to represent Iowa school board members on the important issue of property taxes. Prior to my experience as a school finance director, I was an analyst for the Legislative Fiscal Bureau and remember the acoustic challenges of this room very well. I will try to be loud enough for all to hear me. School board members care deeply about tax and revenue issues, and how they impact equity and excellence for Iowa students. I also care deeply because of my four children in Des Moines Public Schools. Their education depends on sustainable, adequate and predictable funding.

The accompanying IASB handouts include many things that will come up over the future conversations of this committee. I'll keep my introductory comments to the statewide big-picture level.

Iowa property taxes are limited differently for schools and other local governments. Schools are budget limited, setting the property tax rate at the level necessary to support the state determined cost per pupil to educate Iowa students. Cities and counties are rate limited. These different limitations place competing tensions on what we think the solutions to be, let alone, how we define the problems.

Students in many districts are impacted, sometimes deeply, by inequities of taxable value supporting each child. Districts with lower value, they could be called property poor or kid rich, struggle with higher tax rates, can't raise as much revenue through discretionary levies which tend to be rate limited, and may not be able to get voter support for those discretionary levies. School districts depend on those 1.3 million registered voting homeowners to willingly tax themselves to pay for education. We are wary of shifts from any other property taxpayer to residential, because it gets harder to ask the homeowner (voter) for more support.

One other systemic concern for us is the relationship of all sources of taxation to the entire mix. Unless Iowans demand less service, or less education, there is no way to pay for property tax reduction. We must look at the entire mix – does elimination of federal deductibility pay for an increased state share of school aid or local government funding

previously paid by commercial and all other property tax payers? Do we look at repealing sales or income tax exemptions or loopholes to help pay for this change? The IASB proposal to replace the school infrastructure local option tax with a statewide penny provides a revenue source to help accomplish property tax reform by closing one of these loopholes – and our proposal dedicates that revenue to lowering the highest additional levies in the state, getting at both taxpayer and student equity.

We are interested in TIF reform –and that word is chosen carefully – not TIF elimination. There are responsible uses of TIF in certain circumstances, and outliers in others that should be addressed through state policy.

Our big picture goal is to use scarce resources in the most efficient and effective way to promote tax and student equity.

The packet passed out to you includes:

[IASB School Infrastructure Position Paper](#)
[IASB Student and Tax Equity Position Paper](#)

Op Ed, Larry Sigel, School Finance Director, IASB in the Des Moines Register, Feb 7, 2007 “A better option for property-tax relief”

Op Ed, Doug Batcheller, Sioux City School Board President, Sioux City Journal, April 27, 2007 “No More Waiting”

“Carlisle feels growing pains”, Jason Pulliam, Des Moines Register, March 23, 2007

[Map of total tax rate by school district](#)

Map of change in debt service tax rate FY 07 v. FY 06

[Map of general fund Rate without Instructional Support Levy](#)

Map of TIF value as a percent of total value

[IASB’s school infrastructure local option](#) (SILO) repeal, state penny replacement and property tax equity proposal

IASB recommended changes to Tax Increment Financing (TIF)

Thanks for including schools in this discussion and we look forward to the conversation,



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